Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of:	)	
Consumer Protection in the Broadband Era	)	WC Docket No. 05-271

COMMENTS OF VERIZON

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INTRODUCTION AND SUMMARY

The Commission should refrain from imposing new non-price regulations on Title I broadband services because competition for these services is robust and can be relied upon to promote customer interests. With regard to Internet access service, the Commission has a long and honorable tradition of refraining from regulation of information services. The result has been an unparalleled explosion of investment and innovation in information services markets. There is no reason to treat broadband Internet access services differently from other information services in this regard – particularly when the effects of the Commission's hands-off policy have been so spectacularly successful.

As for stand-alone broadband transmission service offered on a private carriage basis, not only is this service subject to significant competition, but the nature of the service and its sophisticated business purchasers makes end-user-oriented consumer protections of the kind

[1] The Verizon telephone companies ("Verizon") are the companies affiliated with Verizon Communications Inc. that are listed in Attachment A.

contemplated in the *Wireline Broadband Consumer Protection NPRM*[2] unnecessary and counterproductive. Negotiation is at the heart of private carriage. Like companies in virtually every other business sector, companies in the broadband sector should be free to negotiate terms, including special provisions addressing the issues in this NPRM, without government interference and without the imposition of one-size-fits-all solutions that cannot reflect the evolving needs and priorities of the players in the industry.

Furthermore, because the Commission has decided to remove economic regulation from the broadband services and facilities at issue here, any state effort to impose economic regulation should be preempted. And the same should be true with respect to the non-economic regulations at issue in the present NPRM. As explained below, these non-economic regulations are unnecessary and would undermine the Commission's decision that deregulation will best further federal broadband policy. Permitting states to impose similar regulations on broadband services and facilities after the Commission decides that such regulation is unnecessary would frustrate the Commission's policies.

Finally, if the Commission adopts any new regulations for broadband services, then it must apply them equally to all wireline broadband providers. The Constitution, the Communications Act, sound economic policy, and simple fairness require that any such requirements be applied equally to both cable and telco providers of these services.

[2] The Notice of Proposed Rulemaking in response to which these comments are being submitted appears at ¶¶ 146-159 of the *Title I Broadband Order*, s*ee infra* note 3. For convenience, the NPRM is referred to herein as the "*Wireline Broadband Consumer Protection NPRM*."

DISCUSSION

I. MARKET FORCES GENERALLY WILL ADDRESS THE ISSUES RAISED IN THE NPRM

The Commission decided to jettison the *Computer Inquiries* requirements for wireline broadband Internet access service because increased competition made the old regulatory strictures unnecessary and counterproductive. As the Commission itself rightly observed: "Changes in technology are spurring innovation in the use of networks. . . . [T]here is increasing competition at the retail level for broadband Internet access service as well as growing competition at the wholesale level for network access provided by the wireline providers' intramodal and intermodal competitors."[3] In what the Commission has acknowledged to be an "emerging and rapidly changing" competitive environment for broadband services,[4] these same competitive market forces can be relied upon to address the consumer protection issues on which the Commission has sought comment. Simply put, if consumers feel that they are being badly served by a wireline broadband service provider, they will switch to another one.

Cable broadband is now available to approximately 93% of homes passed by cable,[5] and DSL is available to approximately 82% of homes served by the Bell companies.[6] Satellite broadband service is available throughout the United States through StarBand, which was

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[3] Report and Order and Notice of Proposed Rulemaking, *Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities*, CC Docket Nos. 02-33 et al., FCC 05-150, ¶ 50 (FCC rel. Sept. 23, 2005) ("*Title I Broadband Order").*

[4] *Id.* ¶ 146.

[5] NCTA, *2005 Mid-Year Industry Overview* at 9, Chart 5 (citing Cable Broadband Homes Passed - Morgan Stanley, "In the US Buy the Sky, in the UK Ground is Dirt Cheap," Jan. 12, 2005).

[6] John Hodulik et al., UBS Investment Research, *Qwest Communications* at Table 1 (Oct. 4, 2005) (weighted average).

recently acquired by Spacenet,[7] or across the contiguous United States through DIRECWAY[8] (which recently announced having 275,000 subscribers[9]) and WildBlue.[10] As of September 2005, approximately 2.7 million homes in North America were passed by fiber-to-the-home – an increase of more than 175% from the 970,000 homes that were passed a year earlier[11] – and that number will continue to increase rapidly.[12] The Commission's statistics indicate that in December 2004 (the most recent date for which official statistics are available), two or more competing providers were providing service in 83% of all ZIP codes.[13] Since that time, broadband investment has continued apace. By way of example, in mid-2005, Google joined Goldman Sachs and the Hearst Corporation to make a combined $100 million investment in Current Communications Group for the deployment of broadband over power lines.[14] And recent press reports indicate that DirecTV may spend as much as $1 billion on a new national

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[7] StarBand, *What is StarBand?*, http://www.starband.com/whatis/whatis.asp.

[8] DirecWay, *Frequently Asked Questions: 01) What is DIRECWAY?*, http://hns.getdway.com/HNS/Rooms/DisplayPages/LayoutInitial?Container=com.webridge.entity.Entity%5BOID%5B15A93A2DA4CDCC4F9CE726CB27566F74%5D%5D

[9] *Hughes Network Systems said at year's end Direcway had 275,000 subscribers*, Communications Daily, Jan. 6, 2006, 2006 WLNR 294483.

[10] WildBlue, *About WildBlue: Questions & Answers*, http://www.wildblue.com/aboutWildblue/qaa.jsp.

[11] Steven Ross, *656 Systems in 46 States: Fiber Systems Triple in a Year (*Broadband Properties), Nov. 2005, at 34 (citing Render, Vanderslice & Associates).

[12] Verizon has announced that it passed 3 million homes and businesses with fiber-to-the-premises (FTTP) as of the end of 2005, and it expects to pass an additional 3 million homes and businesses this year.

[13] *Id.*

[14] Tim Gray, *Google in $100 Million BPL Investment*, *InternetNews* (July 7, 2005), http://www.internetnews.com/bus-news/article.php/3518341; Current Press Release, CURRENT Communications Group Announces Strategic Investments To Catalyze Broadband over Power Line Deployments (July 7, 2005).

wireless broadband strategy.[15] Robust and increasing intermodal competition gives most customers multiple options for obtaining broadband Internet access.

The need to attract and retain customers who have other options provides strong incentives for broadband companies to protect consumers and *not* to, for instance, misuse customer proprietary network information, or be untruthful in billing, or permit undue network outages. Indeed, broadband Internet access providers are just one set of players in the constellation of companies vying for consumers' attention in the Internet economy. Portals like Yahoo, search engines like Google, service providers like eBay, online retailers like Amazon, and thousands upon thousands of other Internet content and application providers all collect customer information and bill their customers, and may occasionally experience service outages. And they generally do so without federal, industry-specific consumer protection rules of the kind the Commission has asked about here.

Additional regulations on Title I broadband services are not only unnecessary but would be affirmatively harmful to the continued development and deployment of broadband services. New regulations inevitably increase costs while discouraging experimentation and innovation. One of the main benefits of classifying these services under Title I of the Communications Act was to allow providers and customers to experiment with various innovative service arrangements. Additional regulations of the kind discussed in the NPRM would undermine this process by imposing a one-size-fits-all model onto these developing services. To rely on governmental rules in place of the customer's own choices would not only create inefficiency but also would be fundamentally contrary to the deregulatory thrust of the *Title I Broadband Order*.

[15] *News Corp. Wireless Internet Strategy to Star DirecTV*, Communications Daily, Jan. 10, 2006, 2006 WLNR 479481.

Information Services. The Commission has historically refrained from regulating information services. In particular, virtually *none* of the regulations discussed in the NPRM has previously been applied to information services providers. To impose such regulations now upon broadband services offered under competitive conditions would be wholly inconsistent with the deregulatory spirit of the *Title I Broadband Order* and also with the Commission's longstanding "hands off" policy toward information services.

The Commission's distinction between regulated telecommunications services and fundamentally unregulated information services can be traced back at least as far as the Commission's 1971 *Computer I* decision, in which the Commission determined not to regulate "data processing, as such."[16] In 1980, in its *Computer II* decision, the Commission formally distinguished between regulated "basic" services and unregulated "enhanced" services.[17] As summarized by the D.C. Circuit when it upheld the Commission's decision not to regulate enhanced services, "[b]ecause the Commission found that the market for enhanced services is 'truly competitive,' it believes that market forces will protect the public interest in reasonable rates and availability of services. Therefore, in the Commission's view, comprehensive regulation of enhanced services would not be permissible because it would not be 'directed at protecting or promoting a statutory purpose.'"[18] Congress subsequently codified this distinction in the Telecommunications Act of 1996 as the distinction between "telecommunications

[16] Final Decision and Order, *Regulatory and Policy Problems Presented by the Interdependence of Computer and Communication Services and Facilities (Computer I)*, 28 F.C.C.2d 267, ¶¶ 4-6 (1971).

[17] Final Decision, *Amendment of Section 64.702 of the Commission's Rules and Regulations (Computer II)*, 77 F.C.C.2d 384 (1980).

[18] *Computer & Communications Indus. Ass'n v. F.C.C.*, 693 F.2d 198, 207 (D.C. Cir. 1982) (quoting *Computer II* ¶¶ 126, 128).

services" and "information services." *See* 47 U.S.C. § 153 (20) & (46) (defining terms). In sum, the Commission's recognition that information services markets are highly competitive and that, therefore, market forces can be relied upon to protect the public interest, has a long and distinguished pedigree.

Many thousands of companies provide information services, including Internet access services, to millions of satisfied customers without being subject to the regulations on which the Commission now seeks comment. Verizon Online – Verizon's ISP affiliate – has provided Internet access services successfully for many years without being subject to such rules, and there is no indication that its customers are in need of additional protection.

Private Carriage Transmission Services. As noted above, the Commission has correctly determined that there is "growing competition at the wholesale level for network access provided by the wireline providers' intramodal and intermodal competitors."[19] Having just allowed wireline broadband providers to make competitive private-carriage offerings of this kind, the Commission should be very cautious in imposing new regulations that increase the cost of these services or that undermine the flexibility that is the hallmark of private carriage arrangements. In its *Title I Broadband Order* the Commission concluded that "regulation can have a significant impact on the ability of wireline platform providers to develop and deploy innovative broadband capabilities that respond to market demands" and found this "negative impact on deployment and innovation particularly troubling in view of Congress' clear and express policy goal of ensuring broadband deployment, and its directive that [the Commission] remove barriers to that deployment."[20] Cable modem operators and other broadband providers have made this kind of

[19] *Title I Broadband Order* ¶ 50.

[20] *Id.* ¶ 44.

service available on a private-carriage basis without being subject to such regulations; there is no reason to think that increased competition in this sphere provided by wireline broadband providers would result in a greater need for such regulations than has heretofore been the case.

Moreover, the purchasers of wholesale transmission services are ISPs. These are sophisticated businesses who, under a private-carriage regime, have an opportunity to influence through negotiation the terms on which they will receive service. The Commission recognized this fact in the *Title I Broadband Order*, noting that private carriage status will permit arrangements that "may better accommodate [ISPs'] individual market circumstances" and "enables parties to a contract to modify their arrangement over time as their respective needs and requirements change."[21] Allowing such flexible arrangements will benefit not only ISPs and the providers of private carriage broadband transmission services, but also consumers.[22] Regulation of any kind is unnecessary to protect sophisticated ISP customers and would undermine the flexibility permitted by the common carriage regime, thus threatening the very pro-consumer benefits discussed by the Commission. Moreover, the provisions that the Commission has asked about are plainly designed to protect "consumers" – mainly individuals – not the sophisticated businesses who purchase the vast majority of stand-alone broadband transmission.

[21] *Id.* ¶ 88.

[22] *Id*. (recognizing that non-common carriage "encourages other types of commercial arrangements with ISPs, reflecting business models based on risk sharing such as joint ventures and partnership-type arrangements, where each party brings their added value, benefiting both the consumer (through the ability to obtain a new innovative service) and each party to the commercial arrangement").

II. THE COMMISSION SHOULD NOT IMPOSE NEW REGULATIONS ON TITLE I BROADBAND SERVICES

Having just clarified that Title I broadband services should not be encumbered by price regulation and the strictures of its *Computer II* rules, the Commission should not now impose new non-price regulations that would have the same type of negative effects. Robust and increasing competition for these services will protect consumers and mitigate the need for any new regulation, especially since such regulation could undermine the benefits of the Commission's recent *Title I Broadband Order*.

A. CPNI

It is significant that section 222 of the Communications Act regulates the use of CPNI obtained by carriers in their "provision of a *telecommunications service*."[23] "Telecommunications service" is a defined term in the Act and has been interpreted to equate to a common-carrier service.[24] If Congress had intended to impose similar regulations on *information services*, or to private-carriage offerings, it could and surely would have said so. Furthermore, even under the Commission's pre-1996 Act CPNI framework, "customer information derived from the provision of enhanced services was not subject to CPNI

[23] 47 U.S.C. § 222(c)(1) (emphasis added).

[24] 47 U.S.C. § 153(46) ("The term 'telecommunications service' means the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used."); *National Cable & Telecomms. Ass'n v. Brand X Internet Servs.*, 125 S. Ct. 2688, 2697 (2005) (upholding this Commission's determination that broadband Internet access service provided by cable companies is an "information service" but not a "telecommunications service" under the Act, and therefore not subject to mandatory Title II common-carrier regulation).

protections."[25] In short, there is no precedent for the Commission to impose CPNI regulations on information services such as Internet access service.[26]

Like Internet access service, private-carriage broadband transmission service is highly competitive. Having just liberated wireline broadband transmission from the strictures of Title II regulation, the Commission should refrain from imposing overly restrictive CPNI requirements to private-carriage broadband transmission. Many of the same considerations that make CPNI restrictions inappropriate for Internet access services – competitive market conditions, customer expectations, and consumer benefits – apply with equal or greater force to the underlying broadband transmission services sold to sophisticated business customers like ISPs. One key advantage of private-carriage arrangements is that customers who have concerns about the use of their CPNI can negotiate for the inclusion of terms in their contracts that govern the manner in which their CPNI will be used. Privacy provisions are commonplace in commercial agreements of all kinds in today's markets, and careful companies include language relating to allocation of

[25] *Title I Broadband Order* ¶ 149 n.447 (citing Second Report and Order and Further Notice of Proposed Rulemaking, *Implementation of the Telecommunications Act of 1996: Telecommunications Carriers' Use of Customer Proprietary Network Information and Other Customer Information*, 13 FCC Rcd 8061, ¶¶ 176-189 (1998) ("*CPNI Order"*), *on recon.*, 14 FCC Rcd 14409 (1999) ("*CPNI Reconsideration Order"*), *vacated sub nom. U.S. West v. FCC*, 182 F.3d 1224 (10th Cir. 1999), *cert. denied*, 530 U.S. 1213 (2000)).

[26] The Commission's previous statements on this topic continue to hold true: "the most valuable information in marketing enhanced services is . . . equally available to the BOCs and competitive enhanced service vendors. Indeed, since many enhanced services involve the use of telecommunications in conjunction with various forms of data processing, providers of data processing services and equipment, many of which are very substantial firms, will in many cases have more valuable information for marketing enhanced services." Report and Order, *Amendment to Sections 64.702 of the Commissions Rules and Regulations (Third Computer Inquiry); and Policy and Rules Concerning Rates for Competitive Common Phase II Carrier Service and Facilities Authorizations Thereof Communications Protocols Under Sections 64.702 of the Commission's Rules and Regulations*, 2 FCC Rcd 3072, ¶ 153 (1987) ("*Computer III Phase II Order")* (footnote omitted).

responsibility for data security and privacy in their contracts. Indeed, parties to private-carriage contracts can tailor the restrictions far more finely to their specific needs and desires than the Commission could ever hope to do with a new, one-size-fits-all, national regulation.

To say that new CPNI regulations are unnecessary is *not* to suggest that customer privacy is not important. On the contrary, Verizon has every incentive to protect customer privacy and is continuously evaluating and updating its data security procedures to protect information entrusted to the company. The Commission observes in its NPRM that "a consumer may have questions about whether a broadband Internet access service provider will treat his or her account and usage information as confidential, or whether the provider reserves the right to use account information for marketing and other purposes."[27] Reputable Internet businesses of all kinds, including Verizon, recognize this and have already responded by promulgating privacy policies to answer those questions. For example, a search for "privacy policy" on Google yields approximately 3.21 billion hits, the first 10 of which describe the privacy policies for Yahoo, PayPal, Sun Microsystems, Amazon.com, Lycos, the BBC, the New York Times, eBay, Google, and CafePress.com.

A link to Verizon Online's comprehensive privacy policy appears on the start page of its Web site (http://dslstart.verizon.net), and a copy of that policy is included as Attachment B hereto. In addition, Verizon Online is a licensee of the TRUSTe Privacy Program. TRUSTe is an independent, non-profit organization whose mission is to build users' trust and confidence in the Internet by promoting the use of fair information practices.[28] TRUSTe's many licensees run the gamut from ABC News, Apple, and Allstate to Zagat, Zuji, and Zunafish.com. These

[27] *Wireline Broadband Consumer Protection NPRM* ¶ 148.

[28] *See generally* http://www.truste.org.

companies all took TRUSTe licenses without any government regulation compelling them to do so. In sum, consumers may well have questions about how their account and usage information will be used – and they are getting answers to those questions without Commission intervention. Companies that fail to promulgate reasonable privacy policies are, and will increasingly be, at a competitive disadvantage vis-à-vis those that have such policies.

Moreover, the Commission should not ignore the significant overlay of existing consumer protection law that protects customer information. In addition to consumer advocates and state attorneys general, the Federal Trade Commission (FTC) has been particularly active in bringing complaints against businesses that fail adequately to protect their customer's personal information. A list of privacy-related actions brought by the FTC can be found at http://www.ftc.gov/privacy/privacyinitiatives/ promises_enf.html. There is no reason to suppose that the Internet access business is so different from all other businesses that it requires special, additional privacy regulation from this Commission.

In any event, CPNI obtained by telecommunications carriers will continue to be subject to the Commission's existing rules governing the use and sharing of that information. These rules govern this information, even when the information is shared within a company or with a company's agents or joint venture partners for the purposes of offering or marketing other communications services offered by the carrier, including Title I services. Verizon and other carriers have operated for several years under an opt-out CPNI regime that allows the sharing of CPNI information in most instances within a company (including with non-regulated affiliates) as well as with the carrier's agents and partners.[29] This sharing of information has produced

[29] *See* Third Report and Order and Third Further Notice of Proposed Rulemaking, *Implementation of the Telecommunications Act of 1996: Telecommunications Carriers' Use of*

increased efficiency and customer satisfaction without producing any significant negative side-effects. As the Commission has already acknowledged, "[c]arriers have demonstrated on the record that use of CPNI to develop . . . targeted offerings can lower costs and improve the effectiveness of customer solicitations."[30] The Commission also recognized that allowing carriers to more broadly use CPNI would likely benefit customers by allowing for more targeted marketing campaigns, "which can result in more efficient and better-tailored marketing and has the potential to reduce junk mail and other forms of unwanted advertising."[31] In short, "consumers may profit from having more and better information provided to them, or by being introduced to products or services that interest them."[32]

Because telephone companies have operated successfully under the existing system that allows the sharing of customer information within a company – including with a company's ISP -- or with agents and joint venture partners, the Commission should take special care not to impose new restrictions on the use of CPNI that would interfere with this successful collaboration. Customer expectations are that Verizon is one company and can share information among its affiliates, agents, and partners. As the Commission itself has recognized, sharing of information in this way affirmatively benefits both carriers *and* consumers by permitting more flexible and responsive customer service.

Customer Proprietary Network Information and Other Customer Information, 17 FCC Rcd 14860, ¶¶ 44 & 46 (2002) ("*Third CPNI Order*")

[30] *Id.* ¶ 41.

[31] *Id.* ¶ 35 (footnote omitted).

[32] *Id.*

B. Slamming

To Verizon's knowledge, no anti-slamming rules have ever been imposed on an information service, and there is no reason for imposing any such rules now on broadband Internet access service. Nor, for that matter, is it clear how slamming could become a problem with respect to these services. *Intermodal* slamming is all but impossible: if a customer has chosen wireline broadband Internet access, then there is no practical way to switch that customer between DSL, fiber, cable modem or satellite Internet access providers without the customer's knowledge. The necessary changes to network connections and CPE[33] make that impracticable. With regard to *intramodal* slamming at the level of the information service, while it may be technically feasible, it, too, is often impractical because of the need (noted by the Commission[34]) to change passwords, email and log-on information. A change of ISPs is typically not as seamless as a change in voice telephony providers. In any event, Verizon is not aware of any significant level of activity involving unauthorized changes in a customer's Internet access provider.

The Commission implemented anti-slamming rules aimed at plain old telephone service ("POTS") only after having determined that slamming had become a significant problem.[35] It would be unprecedented to impose any such regulations on broadband information services. And it would, at the very least, be exceedingly premature to do so now, in the absence of any problem to be solved. Attempting to solve purely hypothetical problems, the contours of which have not developed and may never develop, is a sure recipe for bad public policy.

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[33] For example, the modems or routers cable companies use to enable their customers to connect to their service and the Internet differ from those that DSL companies use.

[34] *Wireline Broadband Consumer Protection NPRM* ¶ 151 n.453.

[35] *Id.* ¶ 150 n.448.

With regard to private-carriage transmission services, it is even less clear what kind of "slamming" the Commission wishes to prevent or how "slamming" would arise in a private-carriage arrangement. A private-carriage agreement between a broadband transmission service provider and an ISP can be expected to set forth the terms and conditions under which it is permissible to terminate the contract, or transfer it, or subcontract the transmission to a third party. Even assuming that changing networks could be accomplished without both parties being aware of the change (and it is far from clear that this could happen in practice), an ISP that unilaterally switched to a new network provider, or a network provider that unilaterally changed an ISP to another network, would presumably do so at its peril under its private-carriage contract. If parties wish to agree to allow a substitution of carrier without notice in some circumstances, they should be free to do so. (And such a substitution would be entirely proper; it should not be considered "slamming.") Different parties may well reach different deals on the conditions under which transmission can be handed off to another carrier. Some ISPs may want guaranteed use of a particular network, while others may be more willing to allow substitution of service. Certainly, there is no need for the Commission to pre-empt the right of private parties, negotiating at arm's length, to agree to such terms now, especially in the absence of any problems in the marketplace. Cable modem companies have been providing private-carriage broadband transmission service to ISPs for some time now without the emergence of "slamming" as a problem. Once again, imposing regulations before there is any problem to be solved can lead only to market distortions, inefficiency, and bad policy.

C. Truth-in-Billing

The Commission has never before seen fit to impose truth-in-billing requirements on information services providers. Verizon respectfully submits that the record provides no sound

basis for departing from the Commission's long and successful "hands-off" policy towards the Title I services at issue here. This is true for several reasons.

First, like other businesses, providers of Internet access are already subject to general consumer protection law as well as oversight by the Federal Trade Commission and state attorneys general. There is no reason to think that an extra layer of regulations imposed by this Commission is needed or desirable. The net effect of any such rules is likely to be increased costs for broadband Internet access providers not just of complying with new, redundant rules, but also of demonstrating such compliance. And it is doubtful that these increased costs will yield any measurable benefit. Occasional customer misunderstandings about their bills or even billing errors do not justify the imposition of new rules on information services that have historically been left to the discipline of market forces and to existing state and federal rules regarding misleading and deceptive trade practices.

Second, as discussed above, the discipline of market forces is strong in the broadband context. The Commission has correctly found both broadband Internet access services and stand-alone broadband transmission services to be robustly competitive, with the result that customers increasingly can choose between multiple providers of these services. In this kind of environment, if a broadband services provider fails to live up to customer expectations when it comes to billing, customers will switch to another provider whom they trust more.

Finally, over 90% of Verizon's broadband Internet access customers are billed through their respective Verizon-affiliated local telephone companies.[36] To the extent that the bills

[36] By their terms, the truth-in-billing rules apply to "all telecommunications common carriers," 47 CFR § 64.2400(b). A telecommunications carrier is treated as a common carrier under the Communications Act, however, only to the extent that it is engaged in providing telecommunications services, 47 U.S.C. § 153(44). If a telephone company provides billing

reflect packages and combinations that involve telecommunications services, therefore, the telecommunications-service portion of the bills are already subject to Commission scrutiny – and the inclusion of Title I services in the package does not change this.

The absence of any justification for regulation is especially pronounced in the context of private carriage broadband transmission services sold to ISPs or other business customers. The Commission's truth-in-billing rules are plainly designed to protect individual consumers and, in particular, to ensure that telephone bills distinguish clearly between carrier-imposed charges and government-imposed fees or taxes.[37] As discussed above, however, stand-alone broadband transmission services are sold overwhelmingly to sophisticated business customers who will not be easily misled and who will have an opportunity to *negotiate* the terms of their private carriage contracts. There is no reason to suppose that, having negotiated a private-carriage deal, a sophisticated customer of this kind needs an additional reminder, in its bill, of the terms of the contract into which it has entered. In the absence of any significant evidence of a problem, there is no need to impose new rules on private-carriage services. And even if evidence of billing problems were to emerge in the future, those problems could be adequately addressed through existing state and federal rules regarding misleading and deceptive trade practices – just as such problems are addressed when they arise in other competitive industries.

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services for non-common carrier Internet access services, the truth-in-billing rules ought not to apply.

[37] Second Report and Order, Declaratory Ruling, and Second Further Notice of Proposed Rulemaking, *Truth-in-Billing and Billing Format*, 20 FCC Rcd 6448, ¶ 24 (2005) ("In particular, we are concerned that some carriers may be disguising rate increases in the form of separate line item charges and implying that such charges are necessitated by governmental action.").

D. Network Outage Reporting

To Verizon's knowledge, no information service has ever been required to report service outages. And broadband Internet access is a poor candidate for the imposition of novel reporting requirements. Because broadband Internet access services are highly competitive, providers that fail to offer reliable service will lose customers to providers that do offer reliable service. Although the Commission recently expanded the outage reporting requirements to cover non-wireline carriers,[38] the Commission has never before attempted to monitor the reliability of information services themselves, and there is no reason for it to begin doing so now.

There are many practical problems associated with outage reporting related to the Internet. To take just one example, the Internet is an immense network of interconnected networks, and a service disruption in one part of the Internet can in principle have repercussions in other, very distant, parts of the Internet. The public Internet may be subject to disruptions, such as certain kinds of denial-of-service attacks that do not reflect any failure of the underlying broadband transmission services.[39] In addition, the Internet has self-healing properties, particularly at higher levels of the network, where considerable redundancy exists. If packets cannot proceed along a given route, they will be automatically rerouted to reach their intended destinations via another pathway. This self-healing property obviates the need for outage reporting at higher levels of the Internet.

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[38] *See generally* Report and Order and Further Notice of Proposed Rule Making, *New Part 4 of the Commission's Rules Concerning Disruptions to Communications*, 19 FCC Rcd 16830 (2004).

[39] For example, according to Whatis.com, the most common kind of denial-of-service attack is the so-called buffer overflow attack, which simply involves sending "more traffic to a network address than the programmers who planned its data buffers anticipated someone might send." *See* http://searchsecurity.techtarget.com/sDefinition/0,,sid14_gci213591,00.html.

In any event, because it is well known that the public Internet sometimes suffers service interruptions, businesses and government offices do not rely on the public Internet for mission-critical operations. Instead, they typically contract for broadband transmission service that comes with enforceable quality-of-service guarantees. Indeed, it is estimated that more than $26 billion is spent in the U.S. annually to purchase dedicated private line services.[40] And, as discussed immediately below, through the negotiation of private-carriage arrangements for these services, customers are able to obtain terms to address their particular needs with respect to quality of service.

Most importantly, competition will ensure that customers receive the kind of service quality they are seeking. Reporting of outages of private carriage stand-alone transmission service is simply not necessary because parties to private-carriage contracts should be free to negotiate mutually acceptable quality of service guarantees, redundancy arrangements, and notification mechanisms as part of those contracts. Some providers may offer cheaper service with little in the way of performance guarantees; others may choose to offer greater guaranteed reliability (presumably, at a higher price). If agreed-upon quality-of-service standards are not being met, customers will know it and can be expected to demand compensation, or to switch providers, or both. Unlike the local telephone network of decades past, modern broadband transmission networks face intense competition that gives users options to switch away from underperforming providers. The competitive pressure created by these alternatives mitigates the need for the Commission to monitor and ensure reliability in most circumstances.

[40] Courtney Munroe, IDC, *U.S. Private Line 2004-2008 Forecast and Analysis* at 7, Table 4 (Dec. 2004).

E. Section 214 Discontinuance

Section 214 of the Communication Act requires not only notification to customers but also the approval of this Commission before a *telecommunications service* may lawfully be discontinued. Once again, Congress very plainly did not intend this section to apply to information services (or other non-common carrier services), and for the Commission to apply that section to any kind of information service would be a radical and unprecedented departure from decades of deregulation of information services and reliance upon market forces and robust competition to deliver ever-improving quality at ever lower prices.

The only example that the Commission cites in support of such heavy-handed potential regulation is the bankruptcy of @Home in 2001, which resulted in the rapid transition to other broadband Internet access providers of hundreds of thousands of customers, some of whom experienced temporary service outages and other inconveniences as a result of the transition.[41] The @Home experience provides no basis for imposing section 214-type obligations on broadband Internet access, for at least two reasons.

First, the competitive environment for broadband Internet access services has evolved considerably since the early days of @Home. Part of the problem at that time was that Comcast Corp. had to create its own new high-speed Internet service in order to absorb former @Home customers. Nowadays, multiple providers have competing services already up and running and ready to take on new customers. Indeed, one of the very sources cited by the Commission in connection with this point notes that some frustrated customers opted to switch to competing

[41] *Wireline Broadband Consumer Protection NPRM* ¶ 156 n.464.

Internet access services even back at the time of the @Home bankruptcy.[42] The Commission's statistics indicate that in June 2001, two or more competing providers of Internet access service reported having subscribers in about 57% of the nation's ZIP codes.[43] As noted above, by December 2004 (the most recent date for which official statistics are available), two or more competing providers were providing service in 83% of all ZIP codes.[44] It would be substantially easier for customers to switch to competing broadband service providers now than it was in 2001 because intermodal competition is increasingly widespread. *See generally supra* Part I. As a result of increased deployment and investment, service disruptions of the kind some subscribers were subjected to when @Home ceased operations are much less likely today – and are becoming ever less likely – because more and more intermodal competitors are ready and able to accept new customers in more and more locations across the country.

A second reason why the @Home experience provides no basis for imposing section 214-like requirements on broadband Internet access service is that it is fairly clear that having such requirements in place would have had no impact whatsoever on the customers affected by the @Home bankruptcy. The problem at the time of the @Home bankruptcy was not insufficient warning. Rather, as the Commission's own cited sources confirm, although a bankruptcy judge in California allowed the company to shut down on November 30, "Comcast subsequently

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[42] *See* Bill Bergstrom, *Internet Switch Problems Annoy Comcast Customers*, Fort Wayne Journal-Gazette, Jan. 7, 2002 ("'They [Comcast] have about four different [customer service] numbers, and you're stuck on hold for half an hour, three-fourths of an hour. Finally I went and hooked up to AOL,' said Stanley Baran of Wallington, N.J.").

[43] News Release, FCC, High-Speed Connections to the Internet Increased 34% During 2004 for a Total of 38 Million Lines in Service, Table 12 (July 7, 2005) ("*High-Speed Services for Internet Access").*

[44] *Id.*

agreed to pay $160 million to keep the Excite[@Home] service running through Feb. 28."[45] The public had plenty of warning that service was going to be discontinued. Nor is it reasonable to suppose that the Commission could have kept a bankrupt enterprise going indefinitely by the simple expedient of refusing to allow @Home to discontinue service. Hence, whatever lessons there are to be learned from the @Home story do not provide any reason to impose section 214-like restrictions on the discontinuance of Internet access service.

Insofar as stand-alone broadband transmission services are concerned, section 214 is a classic example of common-carrier regulation that has no place in a private-carriage regime. By way of example, when satellite operators like Intelsat LLC request authority to operate satellites on both a private and common-carrier basis, the Commission allows the operators to proceed with private carriage services right away but requires that they obtain section 214 authority before providing international common-carrier services.[46] At the heart of private carriage lies the principle that parties should be free to negotiate the terms and conditions on which service will be established and discontinued. The idea that a carrier should have to ask permission from the Commission to discontinue a service, separate and apart from its contractual obligations regarding discontinuance, is antithetical to the basic notions of negotiation and experimentation that private carriage is designed to foster.

Moreover, the idea that Commission permission and extended notice periods should be required is a relic of a time when customers had few or no alternatives to common-carrier offerings. Nowadays, the robust intermodal competition in broadband transmission services that

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[45] *See* Bergstrom, *Internet Switch Problems Annoy Comcast Customers*.

[46] *See, e.g.*, Order and Authorization, *Loral Satellite, Inc and Loral Spacecom Corporation, Assignors, and Intelsat North America, LLC, Assignee*, 19 FCC Rcd 2404, ¶¶ 47-48 & n.135 (2004).

the Commission has repeatedly recognized ensures that customers do have alternatives to discontinued services. Given the rapid shifts in technology and consumer demand that affect broadband Internet access services, companies need freedom to discontinue offerings that have become obsolete (due to changes in technology) or for which there is decreasing demand. Market pressure to acquire, retain, and satisfy customers will help ensure that any transitions are handled with a minimum of customer disruption. In such a highly competitive atmosphere, any company that fails to ensure an orderly transition away from a discontinued service will pay a heavy price in the form of customer defections, loss of reputation, and difficulty acquiring new customers. These competitive pressures mitigate the need for any sort of section 214-like requirements regarding discontinuance of broadband services.

F. Section 254(g) Rate Averaging Requirements

Section 254(g) of the Communications Act is a kind of rate regulation for "interexchange telecommunications services." The main point of classifying broadband Internet access services and the stand-alone broadband transmission used to provide them under Title I was to eliminate precisely this kind of market-distorting, investment-dampening economic regulation. Congress plainly did *not* intend for the provision to apply to information services, and the provision has to Verizon's knowledge never been applied to any information service. There is no policy reason for the Commission to take the radical step of imposing rate-averaging requirements on any information service, including broadband Internet access service, now. Competition for customers, including rural customers, is increasing. In this competitive environment, price regulation of the kind contemplated here would only serve to burden providers and harm the functioning of the free market.

As noted in the NPRM, the Commission has forborne from the requirements of section 254(g) for DSL service. High-speed cable modem, fixed wireless, and satellite broadband transmission services likewise fall outside the scope of this statutory provision. In short, section 254(g) today applies to none, or virtually none, of the broadband transmission services used for Internet access. It would make no policy sense to add new section 254(g)-type rate regulations to broadband services that have flourished without them. Unlike the other regulations mentioned in the NPRM, section 254(g)-type rate regulation is intimately linked with common carriage. There is no way to make sense of a rate-averaging requirement in a private-carriage environment, where contracts can be tailored to meet different parties' demands and interests.

Broadband service to rural customers has grown rapidly in recent years. The Commission's most recent Section 706 Report to Congress "substantiates the significant efforts made by rural telephone companies, cable television providers, and wireless providers to make advanced telecommunications facilities available in rural areas."[47] The Commission's most recent High Speed Services Report indicates that the broadband subscribers were present in 75% of the ZIP codes with the lowest population density in the nation (fewer than 6 residents per square mile) – up from only 27% four years earlier.[48] And these figures probably understate the uptake of subscribership in rural areas: as the Commission noted "we do not know how comprehensively small providers, many of whom serve rural areas with relatively small populations, are represented in the data summarized here."[49] (The Commission subsequently modified its Form 477 reporting requirements to include rural and small facilities-based

[47] FCC, Fourth Report to Congress, Availability of Advanced Telecommunications Capability in the United States, FCC 04-208, at 9(Sept. 9, 2004).

[48] *High-Speed Services for Internet Access* at 24, Table 14.

[49] *Id*. at 5.

broadband providers; therefore, the Commission should have more complete data going forward.[50]) Under these circumstances, the Commission has no reasonable basis for imposing section 254(g)-type rate regulation on private carriage broadband transmission.

III. THE COMMISSION SHOULD EXPLICITLY PREEMPT STATE REGULATION OF TITLE I BROADBAND SERVICES AND FACILITIES

The Commission has already determined that federal broadband policy is best served by removing economic regulation from the broadband services and facilities at issue here, and any attempt by states to re-impose such regulation should be preempted. Similarly, the Commission should explicitly preempt state regulation with respect to the non-economic regulations at issue in the present NPRM. Permitting states to impose any regulation on broadband services or facilities after the Commission has made a decision that such regulation should not apply would frustrate the Commission's deregulatory policy.

The Commission has repeatedly recognized that broadband Internet access services and facilities are predominantly interstate (rather than intrastate) in nature, and thus are subject to federal jurisdiction.[51] And in the *Title I Broadband Order*, the Commission determined – in

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[50] *See* Report and Order, *Local Telephone Competition and Broadband Reporting*, 19 FCC Rcd 22340, ¶ 8 (2004).

[51] *See, e.g.*, Order on Remand and Report and Order, *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996: Intercarrier Compensation for ISP-Bound Traffic*, 16 FCC Rcd 9151, ¶ 52 (2001) ("[A]lthough some traffic destined for information service providers (including ISPs) may be intrastate, the interstate and intrastate components cannot be reliably separated. Thus, ISP traffic is properly classified as interstate, and it falls under the Commission's section 201 jurisdiction.") (footnotes omitted), *remanded*, *WorldCom, Inc. v. FCC*, 288 F.3d 429 (D.C. Cir. 2002), *cert. denied*, 538 U.S. 1012 (2003); Memorandum Opinion and Order, *GTE Telephone Operating Cos., GTOC Tariff No. 1, GTOC Transmittal No. 1148*, 13 FCC Rcd 22466, ¶ 1 (1998) (concluding that Internet access is interstate); *Cable Modem Declaratory Ruling* ¶ 59 (concluding that cable modem services is properly classified as interstate because "an examination of the location of the points among which cable modem service communications travel" reveals that the points "are often in different states and countries").

furtherance of the important federal policy of encouraging broadband deployment and investment – that wireline Internet access services and broadband transmission services provided to ISPs are not common-carriage services subject to economic regulation, but instead may be offered under Title I.[52] Citing the congressional mandate to "encourage . . . the deployment of advanced telecommunications capability to all Americans on a reasonable and timely basis through, among other things, removing barriers to infrastructure investment,"[53] the Commission determined that the removal of economic regulation and other Title II requirements would "promote the availability of competitive broadband Internet access services to consumers, via multiple platforms, while ensuring adequate incentives are in place to encourage the deployment and innovation of broadband platforms consistent with our obligations and mandates under the Act."[54]

Accordingly, any attempt by states to impose such regulations on broadband services and facilities would run directly counter to the Commission's considered policy determination favoring a deregulatory approach, and would thus be preempted and invalid.[55] As the D.C. Circuit noted in affirming the Commission's preemption of state laws that would frustrate its decision to deregulate CPE, "when state regulation of intrastate equipment or facilities would interfere with achievement of a federal regulatory goal, the Commission's jurisdiction is

[52] *Title I Broadband Order* ¶ 3.

[53] *Id.* ¶ 3 n.8 (citing section 706).

[54] *Id.* ¶ 3.

[55] *See, e.g., Louisiana Pub. Serv. Comm'n v. FCC*, 476 U.S. 355, 368-69 (1986).

paramount and conflicting state regulations must necessarily yield to the federal regulatory scheme."[56]

The Commission should similarly preempt other state or local regulation, such as the types of non-economic regulation at issue in this NPRM, when the Commission decides that such regulation is unnecessary and would frustrate federal policy. As explained above, there is no basis for the Commission to impose any of these non-economic regulations on broadband services and facilities because existing, robust competition will protect consumers without diluting the benefits of the Commission's recent Title I decision. Here, too, a Commission decision to refrain from imposing these non-economic regulations must foreclose a contrary decision by the states, and the Commission should explicitly recognize the preemptive effect of such a decision.[57] The manifold benefits of the Commission's broadly deregulatory national policy for broadband services and facilities – benefits that include increased investment in and deployment of broadband facilities; increased innovation in products, services, and commercial arrangements; improved efficiency; and lower prices – would be lost if states are permitted to impose their own regulations on broadband services and facilities, where the Commission has determined that such regulation is not justified.

The Commission has also asked for comment on a recent NARUC proposal to replace traditional "end-to-end" jurisdictional analysis (according to which the end points of a communication determine whether state or federal regulation is appropriate) with "functional" jurisdiction – a free-form division of responsibility between federal and state regulators based on

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[56] *Computer & Communications Industry Ass'n*, 693 F.2d at 214 (footnote omitted).

[57] *See id.* at 206 (affirming preemption in order to further deregulatory approach adopted by FCC).

as yet ill-defined criteria.[58] The NARUC proposal is a more radical and thoroughgoing change in the division of regulatory responsibility between this Commission and state regulators than the present NPRM suggests. NARUC itself seems to acknowledge that such a fundamental shift in the source and extent of Commission authority is impossible within the existing framework of statutory and case law. NARUC expressly raises the idea only "for purposes of considering a large-scale revision of the Telecom Act."[59] Switching away from an "end-to-end" approach to a "functional" approach to jurisdictional analysis plainly raises issues far beyond the scope of the current proceeding and could not realistically be implemented under existing legal frameworks. For present purposes, therefore, the key jurisdictional question remains whether the Title I broadband services at issue here are predominantly interstate or intrastate in nature, and the Commission has repeatedly determined that Internet access is predominantly interstate in nature.[60] Consequently, the Commission has principal regulatory responsibility for these services, as well as authority to pre-empt state and local regulation of these broadband services.[61]

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[58] *See NARUC Legislative Task Force Report on Federalism & Telecom* at 6 (July 2005), http://www.naruc.org/associations/1773/files/federalism_s0705.pdf ("'Functional jurisdiction' describes a method of allocating State and federal responsibility over telecommunications based on analysis of the characteristics of each governmental function exercised, and of the comparative abilities of different levels of government to exercise the function successfully. It gives little or no weight to the nature of the communications equipment or medium used for transmission, the format of or technology used for the communication, the legal or historical status of the provider, or the end user's location or purpose.").

[59] *Id.*

[60] *See supra* note 51.

[61] *See Public Serv. Comm'n v. FCC*, 909 F.2d 1510, 1515 (D.C. Cir. 1990) (alteration in original) (citations omitted) (internal quotation marks omitted). The Commission has authority to preempt even purely intrastate state regulation when the state regulation cannot feasibly coexist with the federal regulation. *California v. FCC*, 39 F.3d 919 (9th Cir. 1994); s*ee also Louisiana Pub. Serv. Comm'n*, 476 U.S. at 375-76 n.4 (FCC may preempt state regulation of intrastate telecommunications matters when (1) it is impossible to separate the interstate and

The Commission has determined that the best way to further its national broadband objectives is to unshackle broadband services and facilities from unnecessary regulation. The benefits of this considered policy judgment would not materialize if these same services and facilities were subjected instead to 51 different sets of regulations imposed at the state level. Therefore, when the Commission opts for a deregulatory approach with respect to a certain type of regulation – as we urge the Commission to do with the issues in this NPRM – it also should preempt the states from imposing such regulation. As the Commission recognized in issuing its *Title I Broadband Order*, overregulation of these services and facilities would be bad for broadband deployment, bad for innovation, and ultimately bad for consumers.

IV. IF THE COMMISSION WERE TO REGULATE THESE COMPETITIVE BROADBAND SERVICES, IT MUST DO SO EVENHANDEDLY

Having, at long last, unified the regulatory classification of Internet access provided over the telephone network and access provided via cable modem, the Commission should take care not to re-introduce any disparate regulation between competing providers in the broadband sphere (and should bear in mind the lack of regulation that applies to other players in the Internet space). If the Commission adopts any new regulatory requirements for wireline broadband services, then both the Communications Act and the Constitution (not to mention simple fairness and sound economics) require that these requirements be applied equally to both cable and telco providers of these services.

As the Commission recognized in its *Title I Broadband Order*, it "should regulate like services in a similar manner so that all potential investors in broadband network platforms, and not just a particular group of investors, are able to make market-based, rather than regulatory-

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intrastate components of the Commission's regulation, and (2) the state regulation would negate the Commission's lawful authority over interstate communication.).

driven, investment and deployment decisions."[62] Disparate regulation of these competing services violates the principles of competitive and technological neutrality embodied in the Communications Act.[63] Therefore, imposing any regulation limited to one type of broadband Internet access services would be unsupportable under the Communications Act and in violation of the Administrative Procedures Act. Similarly, imposing discriminatory regulatory obligations on similarly situated speakers – *i.e.*, telco and cable providers of broadband services – would flatly violate the First Amendment. *See, e.g.*, *City of Ladue v. Gilleo*, 512 U.S. 43, 51 (1994); *City of Cincinnati v. Discovery Network, Inc.*, 507 U.S. 410, 424 (1993). Thus, to the extent that the Commission determines that any regulation is required for wireline Internet access services and broadband transmission services provided by the traditional telephone companies – which it is not – the same regulation must apply to all other wireline broadband competitors equally.

CONCLUSION

The Commission should avoid imposing new regulations on Title I broadband services and should clarify that state efforts to do so are preempted.

[62] *Title I Broadband Order* ¶ 45; *see also id.* ¶ 4 (describing the NPRM as "consistent with our objective to create a broadband regulatory regime that is technology and competitively neutral" in order to "ensure that consumer protection needs are met by all providers of broadband Internet access service, *regardless of the underlying technology*") (emphasis added).

[63] *See id.* ¶ 4 (1996 Act, § 706(c)(1) (defining "advanced telecommunications capability" "without regard to any transmission media or technology"); 47 U.S.C. § 153(46) (defining "telecommunications service" "regardless of the facilities used").

Respectfully submitted,

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January 17, 2006

ATTACHMENT A

THE VERIZON TELEPHONE COMPANIES

For the purposes of this filing the Verizon telephone companies are the following entities affiliated with Verizon Communications Inc.:

Verizon local exchange carriers:

Contel of the South, Inc. d/b/a Verizon Mid-States
GTE Southwest Incorporated d/b/a Verizon Southwest
Verizon California Inc.
Verizon Delaware Inc.
Verizon Florida Inc.
Verizon Maryland Inc.
Verizon New England Inc.
Verizon New Jersey Inc.
Verizon New York Inc.
Verizon North Inc.
Verizon Northwest Inc.
Verizon Pennsylvania Inc.
Verizon South Inc.
Verizon Virginia Inc.
Verizon Washington, DC Inc.
Verizon West Coast Inc.
Verizon West Virginia Inc.

Verizon long distance companies:

Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance
NYNEX Long Distance Company d/b/a Verizon Enterprise Solutions
Verizon Select Services Inc.
Verizon Global Networks Inc.

Verizon Avenue Corp. companies:

OnePoint Communications–Colorado, L.L.C. d/b/a Verizon Avenue
OnePoint Communications–Georgia, L.L.C. d/b/a Verizon Avenue
OnePoint Communications–Illinois, L.L.C. d/b/a Verizon Avenue
VIC-RMTS-DC, L.L.C. d/b/a Verizon Avenue

MCI companies:

On Jan. 6, 2006, MCI, Inc. merged into MCI, LLC, a wholly owned subsidiary of Verizon Communications Inc. MCI, LLC, through its operating subsidiaries, provides enhanced services and local, long-distance, and other telecommunications services domestically and internationally.

ATTACHMENT B

Policies and Terms

Policies & Terms of Service

- Terms of Service
- Web Site Use Agreement
- E-Mail Policy
- Anti-Spam Policy
- Newsgroup Posting Policy
- Acceptable Use Policy
- Privacy Policy
- E-Mail Alias Policy
- Usage Based Pricing Policy
- Civil Subpoena Policy

Privacy Policy

PRINT

Verizon respects your right to privacy. We adhere to a set of privacy principles which form the basis of our privacy policy. When you visit this site you may provide information on two different levels about your visit:

- Anonymous statistics collected as you browse the site, and
- Personal information you knowingly give us.

We want you to be aware of what information we collect, and how we handle this information.

CLICK TO VERIFY reviewed by TRUSTe site privacy statement

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This confirms that Verizon is a licensee of the TRUSTe Privacy Program. TRUSTe is an independent, non-profit organization whose mission is to build users' trust and confidence in the Internet by promoting the use of fair information practices. Because this web site wants to demonstrate its commitment to your privacy, it has agreed to disclose its information practices and have its privacy practices reviewed for compliance by TRUSTe.

When you visit a web site displaying the TRUSTe trustmark, you can expect to be notified regarding:

- What identifiable information is collected about you
- What organization is collecting the information
- How the information is used
- With whom the information may be shared
- What choices are available to you regarding collection, use and distribution of the information
- What kind of security procedures are in place to protect the loss, misuse or alteration of information under the company's control, and
- How you can correct any inaccuracies in the information.

If you have questions or concerns regarding this statement, you should first contact us. If you do not receive acknowledgment of your inquiry or your inquiry has not been satisfactorily addressed, you should then contact TRUSTe. TRUSTe will then serve as a liaison with the Web site to resolve your concerns.

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Please be assured that we do not collect personal information from you unless you provide it to us. This means that you can visit our Web sites without telling us who you are or revealing any information about yourself (such as your e-mail address, software you are using, or any information about yourself).

As you browse the site, our web servers collect information about your visit, not about you personally. Via web server logs, we monitor statistics such as:

- How many people visit our site
- Which pages people visit on our site
- From which domains our visitors come (e.g., aol.com)
- Which browsers people use to visit our site

None of this information is associated with you as an individual. We use these statistics to improve our Web site, to monitor its performance, and to make the Web site easier for you and other visitors to use.

- What about pages that asks for personal information?
- When visitors supply information about themselves for a specific purpose, we use the information for that purpose (such as to provide the service or information the visitor has requested).

For example, you may be asked to give us individual information to purchase a product or service, receive information, manage online account registration, or apply for a job. The information may range from your zip code, to your phone number, account number, a credit card number, age, gender, mother's maiden name, social security number, e-mail address, organization URL, resume, or mailing address.

When visitors use our Web site to order services, we may use this individually identifiable information as we would use the same information obtained in a traditional non-electronic manner. For example, to publish your name, address, and phone number in our directories (unless you have requested a non-published number), or to evaluate your service needs and contact you regarding additional services you may find useful.

Should any changes be made in the way we use personally identifiable information, Verizon will contact you via email notifying you of this change and to give you the opportunity to choose to opt-out of such use.

Network Performance and Your Internet Connection

Verizon automatically measures and monitors network performance and the performance of your Internet connection in order to improve the level of your service. Verizon also will access information about your computer's settings in order to provide customized technical support. You can be assured that no adjustments to your computer settings will be made without your permission, which you give at the time that the adjustments are being made, and which you can revoke at any time. Verizon does not share information collected for the purpose of network or computer performance monitoring or for providing customized technical support outside of Verizon or its authorized vendors, contractors and agents.

What happens to information when I fill out registration forms?

We encourage all visitors to register with us, although registration is only required for certain transaction-related areas of Verizon.com or other Verizon or co-branded sites. The registration forms request accurate contact information (like name and e-mail address) and preferences that help us better serve you. Your name and e-mail address are used to send you information about our company, product updates, special offers, and newsletters. You may change your email, user ID or password online; or you can choose to remove your name from our user list by going to contact us and emailing us a request to remove your name from the online billing application.

For our local phone service customers, you may also be given the option of registering a profile with us (limited to specific areas). This would store your name, purchase history, and billing information to make it easier for you to shop and purchase products/services from us in the future. You may opt out of this feature at any time by either going to contact us and emailing us your request, or in some applications you can cancel/change your profile within the application itself.

We strive to ensure that the information we obtain and use about customers is accurate. Please contact us to review or modify any personal information we have previously collected from you online or if you find an error in your bill. Customers have access to their account information via our monthly bills. To improve the services we can offer you, we may decide to expand the site's capabilities for obtaining information about users in the future. We will update this privacy statement continually to ensure that you are aware of developments in this area.

Do you sell or give my information to non-Verizon companies, other third parties or governmental entities?

Verizon does not sell or disclose individually-identifiable information obtained online, or information about you or your account or service, to anyone outside of Verizon or its authorized vendors, contractors and agents unless you specifically authorize it, disclosure is required by law, or deemed necessary by Verizon in its sole discretion to protect the safety, rights or property of Verizon or any

other person or entity. If you provide individually identifiable information to us in the context of an event Verizon sponsors with another company, such as a contest, or if you register on a co-sponsored site or feature, you may also be providing the individually identifiable information to the co-sponsor. For example, on Verizon co-branded sites, our partner will generally co-own the customer information received through the site. How the partner uses this information will be explained in the privacy statement at the co-branded site, which will govern the use of data gathered through the co-branded site.

Verizon may share non-personally identifiable information with non-Verizon companies in order to assess the results of a promotion or event. This information is used in aggregate only, and does not contain any information that would personally identify you.

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Verizon Online uses .NET Passport to provide certain registration and sign-in services. To learn more about the Passport service, the information stored in the Passport profile, and how Passport uses and protects your personal information, please read the .NET Passport Privacy Statement.

Does this site send e-mail to site visitors?

At times, online surveys are conducted in which you can choose to participate. In addition, we may use e-mail to communicate with our customers, to respond to visitors' e-mail, to confirm orders placed online, and to send information that a visitor has requested. Occasionally, we may use opt-in e-mail lists from third parties to promote our latest specials. If you receive an unwanted e-mail from us, you can use the Reply feature on your browser and simply ask us to remove you from our list.

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A cookie is a small, encrypted data string our server writes to your hard drive that contains your unique User ID for our Web site. We use cookies to deliver web content specific to your interests, to keep track of your order as you order services, and to control access to our premium content. A cookie cannot be used to access or otherwise compromise the data on your hard drive. You can choose to change your browser settings to disable cookies if you do not want us to establish and maintain a unique Verizon.net User ID. Please be aware that cookies may be required to complete certain functions on this Web site, such as ordering in our online store.

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What is Verizon's position regarding online advertising and third party ad servers?

As part of the online advertising process, we use information supplied from third party companies in several ways however, this is aggregated data and does not personally identify any individual online user.
This data is used to:

- gain a better understanding of the type of individuals viewing or visiting different web sites,
- evaluate and prioritize site selection when developing online media plans,
- geographically target advertising,
- deliver product and pricing advertising/information applicable to the customers' state, and gauge the effectiveness of our online advertising.

Personally identifiable information such as name, address, phone number or email address is not collected.

In addition, some Verizon websites may accept advertisements from third party advertisers. These advertisers are carefully selected to provide information about products and services that we think may benefit Verizon customers. These third party advertisers may collect non-personally identifiable

information about users of this website for the same reasons listed above, but personally identifiable information is not collected. Verizon does not have control of nor access to any information contained in the cookies that are set by third party advertisers.

Non Personally Identifiable Information Collected Automatically

Cookies help Verizon to enhance the user's online experience and are used to:

- deliver the appropriate geographic message
- manage frequency of ad exposure; avoid over delivery of the same message
- tailor an advertisement to better match your interests and preferences
- ensure that you see the correct products and pricing applicable to the state in which you live
- understand advertising effectiveness

However, customers are free to delete website cookies. Most internet browsers enable you to erase cookies from your computer hard drive, block all cookies, or receive a warning before a cookie is stored.

However, you need to understand that some websites/adserving companies have the ability to reestablish your history even after cookie deletion, if you reenter the same site on another occasion, or some other site tracked by the adserving company/network, and specifically provide personal data.

Deletion of cookies alone does not prevent adserving companies from reestablishing history on a visitor. The visitor must either continue to decline cookies each time it reenters the site to keep the tracking severed, if desired, or opt-out. When you opt-out, your unique user ID cookie is erased and you are reassigned an anonymous, non-id cookie. This new cookie tells websites that you have opted out and they will then know not to attempt to assign other cookies to you in the future. Opt-out cookies do not contain a unique user ID number therefore websites are not able to identify your computer uniquely.

Customers who choose to continually delete cookies and not opt out can have their browser advise them each time a web site attempts to send a cookie to your system. At that time, you can choose to either Accept or Cancel a cookie.

Customers who choose to "opt out" after deleting cookies will receive an anonymous/non personally identifiable cookie.

Personally Identifiable Information

Personally identifiable information voluntarily supplied by our customers or our visitors, i.) who receive or provide information on our website, or ii). who purchase Verizon Online products on our website, or iii). who interact with our banners/advertising on outside websites, is not shared for use outside Verizon or its authorized vendors, contractors and agents. This information is Verizon proprietary data and is not available to any outside company in this personalized form, except with a customer's or visitor's permission or where disclosure is otherwise required or permitted by law. No outside company is allowed access to this information.

For example, if you provide us with information (such as phone number or email address) and ask to be contacted when DSL is available in your area, we will notify you when DSL is available; or, if you enter such information online and qualify for DSL service, we may contact you to provide additional information and to follow up on your inquiry. If you are contacted by telephone as a follow up to your inquiry, you may request to be removed from our calling list at that time. We will not use this information for any other reason nor will we share it with any outside company.

Should any changes be made in the way we use personally identifiable information, Verizon will contact you via email, or by other means, notifying you of this change, and give you the opportunity to choose to opt-out of such use.

Protection Of Children's Personal Information

Verizon Services, including Verizon Online services, are not designed to attract children under the age of 13. Although we do feature sites that may be of interest to young viewers, we do not collect personally identifiable information on children. Further, Verizon offers tools for parents to educate young Internet users on safe surfing practices, including filtering tools to help children and parents avoid objectionable content online. GetNetWise.org and SafeKids.com are two sites that offer tools for providing information on safe Internet usage. For more information, go to the "Family Online Safety Guide" on our homepage.

Does Verizon use the information provided online to profile its customers?

The combination of offline and online information provided by the customer has the ability to enhance the customer experience, and make the consumer's interaction with Verizon more meaningful and relevant. Verizon requires notification of any consumer profiling or purchasing behavior being captured by Verizon Online and combined with offline information be clearly stated to the consumer at the time of online data collection. The consumer will have the ability to choose not to have that information aggregated and be part of subsequent marketing campaigns by choosing to be identified within the application.

Please note

We may disclose personal information when required by law or when necessary to protect the safety of our customers, employees or property.

SECURITY ISSUES

How do I know I am on a secured site?

Every secure page on our Web sites has been secured with a digital certificate by Verisign. To view this certificate, click on image of the closed lock on the bottom bar of your browser window. This certificate will show that you are sending your personal information to Verizon.

How does Verizon prevent unauthorized access to my information?

Your password is set at a minimum of six characters, which provides added protection for your personal information. On secured pages, this site uses SSL encryption up to 128-bits.

Information that you share about yourself in chat rooms, message boards, instant messaging communications and similar forums becomes immediately available to others who have access to those fora. These areas are considered public spaces and Verizon Online cannot protect the privacy of information disclosed therein. Please exercise caution when disclosing personal information in theses areas.

What information is stored by the site or in cookies?

Registration information, bill and online shopping, data and contact e-mail addresses are not stored by the Verizon site. They are stored in the Verizon databases, physically secure environments that are not accessible via the Internet. This information is only available to you through the use of a secure ID and password, and the information is transferred from our databases for your viewing.

A cookie is a small, encrypted data string our server writes to your hard drive that contains your unique User ID for our Website. Cookies help us to identify returning visitor's to our websites, which allow us to give you a more personalized, useful experience on our website. We use cookies to deliver web content specific to your interests, to keep track of your order as you order services, and to control access to our premium content. A cookie cannot be used to access or otherwise compromise the data on your hard drive. You can choose to change your browser settings to disable cookies if you do not want us to establish and maintain a unique Verizon.com User ID. Please be aware that cookies may be required to complete certain functions on this Web site, such as ordering in our online store. To disable cookies, see next section.

Here is How to Set Your Cookie Preferences:

- Netscape Navigator 3.x: In the Options menu, select Network Preferences. In Network Preferences, click on the Protocols tab and there you may choose to be warned before accepting cookies.
- Netscape Navigator 4.x: In the Edit menu, select Preferences. In the Preferences dialog box, in the left hand side menu, click on 'Advanced' and 4 options concerning cookies will appear on the lower right. Choose Help for further details. You can find more information about cookies and Netscape on the Netscape Web site.
- Microsoft Internet Explorer 3.x: In the view menu, select Options. Click on the Advanced tab.

You may choose to be warned before accepting cookies.

- Microsoft Internet Explorer 4.x: In the view menu, select Options. Click on the Advanced tab and scroll down to a yellow triangle icon with an exclamation point labeled 'Cookies' where you have 3 options.
- Other Browsers: Contact the manufacturer of the browser for information.

Changes to this Policy

Please check this privacy policy periodically to inform yourself of any changes. Although we reserve the right to modify or supplement this privacy policy, we will provide notice to you on this Web site of any major material changes and those changes are effective upon posting unless otherwise noted.

(Updated May, 2003)

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